AB Bank

Mumbai, India

Policy Framework for Cross-Border Transactions, 2026

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1. Executive Summary & Policy Objective

This Policy Framework establishes institutional governance, operational internal controls, and risk management standards for all foreign exchange, international trade finance, and cross-border settlement operations conducted by AB Bank PLC, Mumbai Branch.

Serving as an Authorized Dealer Category-I (AD Cat-I) commercial banking institution specializing in Indo-Bangladesh bilateral trade and international commercial settlements, the Branch conducts its cross-border operations in strict alignment with the statutory mandates of the Reserve Bank of India (RBI), the Foreign Exchange Management Act (FEMA), 1999, the Prevention of Money Laundering Act (PMLA), 2002, Bangladesh Bank directives, Head Office guidelines, and industry conventions formulated by FEDAI and FIU-IND.

1.1 Core Strategic Objectives

- **Statutory Compliance:** Ensure 100% adherence to RBI Master Directions governing Trade, Capital, and Current Account transactions, alongside Foreign Trade Policy (FTP) directives.
- **Financial Crime Prevention:** Deploy automated, multi-layered Anti-Money Laundering (AML), Counter-Financing of Terrorism (CFT), and real-time sanctions screening across all international messaging gateways.
- **Nostro/Vostro Governance:** Establish transparent operational, risk management, and audit tracking for Nostro/Vostro account operations, Special Rupee Vostro Accounts (SRVA), and international clearing mechanisms.
- **Risk Mitigation:** Systematically mitigate operational, settlement, foreign exchange, liquidity, counterparty credit, and legal/reputational risks inherent in cross-border correspondent banking.

2. Statutory Regimes & Regulatory Hierarchy

All cross-border transactions processed through SWIFT, domestic payment gateways (RTGS, NEFT, IFT), or bilateral settlement channels operate under the following regulatory matrix:

Regulatory Domain	Governing Statute, Authority & Market Guidelines
Foreign Exchange & Cross-Border Capital Flows	Foreign Exchange Management Act (FEMA), 1999; RBI Master Directions on Imports, Exports, Compounding of Contraventions, and Capital/Current Account Transactions; Bangladesh Bank Trade Guidelines; AB Bank PLC Head Office Directives.
AML / CFT & Financial Crime Prevention	Prevention of Money Laundering Act (PMLA), 2002; PML (Maintenance of Records) Rules, 2005; RBI Master Direction –

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	Know Your Customer (KYC) / AML / CFT; Financial Intelligence Unit – India (FIU-IND) Reporting Standards.
Trade Processing & Regulatory Portals	Foreign Trade Policy (FTP); Export Data Processing and Monitoring System (EDPMS); Import Data Processing and Monitoring System (IDPMS); Trade-Based Electronic Realization (e-BRC); Foreign Exchange Transactions Electronic Reporting System (FETERS); RBI Trade Credit Guidelines.
Sanctions & Anti-Terror Watchlists	United Nations Security Council (UNSC) Consolidated Lists; US Office of Foreign Assets Control (OFAC); European Union (EU) Sanctions; UK HM Treasury (OFSI); Ministry of Home Affairs (MHA) Designated Lists under UAPA.
International Market Conventions & Rules	Foreign Exchange Dealers' Association of India (FEDAI) Rules; International Chamber of Commerce (ICC) Uniform Customs and Practice for Documentary Credits (UCP 600, ISBP 821, URC 522, URDG 758).

3. Scope & Covered Transaction Taxonomy

This Policy Framework applies universally across Branch operations, Treasury Front/Mid/Back Office, Trade Finance Operations, Credit Administration, and Compliance Units for the following transaction modalities:

- **Current Account Transactions:** Import Letters of Credit (ILC), Inward/Outward Collections, Advance Remittances, Merchanting Trade, Invisibles (services, software), Agency Commissions, and Liberalized Remittance Scheme (LRS) transfers.
- **Special Rupee Vostro Accounts (SRVA) & Asian Clearing Union (ACU):** Settlement of bilateral trade transactions in Indian Rupee (INR) pursuant to RBI circular dated July 11, 2022, ACU Dollar/Euro mechanism, and correspondent banking lines.
- **Non-Resident Account Operations:** Non-Resident External (NRE) and Non-Resident Ordinary (NRO) Rupee accounts, Foreign Currency Non-Resident (FCNR(B)) deposits, and statutory outward remittances thereunder.
- **Interbank & Treasury Operations:** Nostro account funding, Vostro account maintenance, Foreign Exchange cover deals, forward contracts, currency swaps, and cross-currency liquidity management.

4. Operational Pillars & Internal Control Architecture

4.1 Pillar A: Trade Finance & Settlement Controls

- **Mandatory EDPMS & IDPMS Mark-Off:** Every inward and outward trade remittance must be matched against corresponding Shipping Bills in EDPMS and Bills of Entry (BOE) in IDPMS. Authorized Dealer systems shall enforce validation against Customs EDI gateways before remittance settlement.

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- **Regulatory Realization & Payment Timelines:** Export proceeds must be realized within 9 months from the date of shipment (or as amended by RBI/FTP). Import payments for non-capital goods must be settled within 6 months from invoice date. Outstanding unadjusted bills exceeding regulatory timelines shall trigger automated escalation and reporting.
- **Automated e-BRC Generation:** Upon receipt of verified export proceeds, electronic Bank Realization Certificates (e-BRC) shall be generated through DGFT integrated API interfaces without manual re-keying.
- **Special Rupee Vostro Accounts (SRVA):** Opening of SRVA requires prior approval from RBI and enhanced due diligence on foreign applicant banks. All transactions require strict Purpose Code mapping, Permissible Account Credit/Debit validation, and quarterly internal compliance audits.
- **Advance Import Remittances:** Verification of Proforma Invoices, purchase contracts, and irrevocable Standby Letters of Credit / Bank Guarantees from prime overseas banks is mandatory where advance payments exceed prescribed regulatory thresholds.

4.2 Pillar B: AML / CFT, Sanctions Screening & Financial Crime Defence

- **Automated Multi-List Screening:** All inbound and outbound financial messaging (SWIFT MT103, MT202, MT700, and ISO 20022 MX equivalents such as pacs.008, pacs.009, camt.053) must pass through real-time automated filters against UNSC, OFAC, EU, UK, and MHA watchlists prior to message transmission or posting.
- **Alert Escalation & Four-Eye Review:** Any partial or exact hit results in automated message queuing. The Compliance Screening Desk conducts independent four-eye verification. Release of blocked payments requires written dual-authorization by the Chief Compliance Officer (CCO).
- **Enhanced Due Diligence (EDD) & UBO Identification:** Mandatory execution of EDD on corporate counterparties, identifying Ultimate Beneficial Ownership (UBO >= 10% threshold), scanning for Politically Exposed Persons (PEPs), and screening against adverse corporate registers.
- **Trade-Based Money Laundering (TBML) Controls:** Scrutiny of shipping documents, port routes, dual-use goods schedules, transshipment hubs, and invoice pricing consistency to prevent trade-based value shifting, over/under-invoicing, or phantom shipments.
- **Statutory FIU-IND Reporting:** Filing of Suspicious Transaction Reports (STR) within 7 working days of arriving at a conclusion of suspicion. Transmission of Cross-Border Wire Transfer Reports (CBWTR) for all individual cross-border electronic funds transfers exceeding INR 5,00,000 (or equivalent foreign currency) by the 15th of the succeeding month.

4.3 Pillar C: Nostro/Vostro & Treasury Risk Governance

- **Daily Automated Reconciliation:** Mandatory daily automated matching of branch Nostro mirror ledgers against foreign correspondent bank MT940 / MT 950 statements.

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- **Escalation of Aging Items:** Any un-reconciled debit or credit entry pending beyond 30 days must be formally escalated to the Chief Compliance Officer, Local Management Committee (LMC), and Risk Management Committee (RMC), accompanied by an age-analysis report.
- **Market, Settlement & Position Risk Limits:** Strict adherence to RBI-approved Net Overnight Open Position Limits (NOOPL) and Aggregate Gap Limits (AGL). Real-time monitoring of settlement risk, counterparty exposure limits, and Interest Rate Risk in the Banking Book (IRRBB).

5. Risk-Based Internal Audit (RBIA) & Control Lifecycle

Cross-border operations are integrated into AB Bank PLC's Risk-Based Internal Audit (RBIA) framework across four sequential control tiers:

- **Stage 1 — Inherent Risk Identification:** Pre-screening of applicants, overseas counterparties, beneficial owners, and goods classifications against sanctions databases and high-risk FATF jurisdictions.
- **Stage 2 — Pre-Transaction Verification:** Four-eye verification of underlying contracts, transport documents, regulatory import/export limits, IDPMS/EDPMS match status, and KYC documentation.
- **Stage 3 — Real-Time Transaction Monitoring:** Straight-Through Processing (STP) validation, real-time automated SWIFT filters, and immediate exception alerting.
- **Stage 4 — Post-Facto Audit & Regulatory Reporting:** Fortnightly FETERS reporting, monthly CBWTR compilation, event-driven STR filings, quarterly compliance reviews, and annual statutory/concurrent audit validation.

Audit Frequency: Concurrent audit conducts daily transactional verification of trade documentation and Nostro postings. Internal RBIA teams and Head Office inspectors conduct annual comprehensive evaluations of cross-border governance, model performance, and operational risk controls.

6. Statutory & Regulatory Reporting Schedule

The Branch maintains strict calendar compliance for all external and internal reporting mandates:

Reporting Code / Return	Target Regulatory Authority	Prescribed Frequency	Regulatory Objective & Key Contents
FETERS (R-Return)	Reserve Bank of India	Fortnightly	Comprehensive purpose-wise and currency-wise classification of all foreign exchange purchases and sales.

CBWTR	FIU-IND	Monthly (by 15th)	Reporting of all cross-border wire transfers exceeding INR 5,00,000 (or foreign currency equivalent).
STR	FIU-IND	Event-Driven (within 7 days)	Reporting of transactions suspected of involving proceeds of crime, money laundering, or terrorist financing.
EDPMS / IDPMS Updates	RBI / Customs Interface	Real-Time / Daily	Systemic matching and reconciliation of customs shipping bills and import bills of entry against banking flows.
CIMS Returns	Reserve Bank of India	Daily / Weekly / Monthly / Quarterly / Annual	Statutory returns including FE Turnover, International Banking Statistics (IBS), gold import tracking, and capital accounts.
Concurrent Audit Report	Audit Committee of Executive Management	Daily / Monthly	Daily independent operational audit of FX deals, trade documents, rate applications, and reconciliations.
Annual Statutory / HO Audit	Head Office & Central Bank of Bangladesh / RBI	Annual	Comprehensive statutory compliance review, balance sheet verification, and supervisory inspection.

7. Governance Structure, Accountability & Escalation Hierarchy

Cross-border governance ensures segregation of duties, multi-level accountability, and clear operational ownership across three lines of defence:

- **Board of Directors / Local Management Committee (LMC):** Exercise strategic oversight, review risk appetite, and grant annual institutional approval for cross-border policies.
- **Chief Compliance Officer & Chief Risk Officer:** Oversees statutory compliance, enforces AML/CFT programs, tracks regulatory updates from RBI/FEDAI/FIU-IND, and evaluates escalated sanctions alerts.
- **Treasury Mid-Office & Risk Management Desk:** Monitors daily position limits (NOOPL/AGL), manages Nostro/Vostro reconciliations, and validates rate benchmarking.
- **Trade Finance Operations & Branch Processing Desk:** Executes primary customer due diligence, document verification, entry posting in Core Banking System (CBS), and customer communications.

8. Schedule of Trade Finance Products, Operating Documentation & TAT

The following operational standards govern the processing, documentation requirements, Turnaround Times (TAT), and baseline service charges for trade finance and remittance products. Service tariffs remain subject to circular revisions approved by the Local Management Committee (LMC).

Product / Facility	Mandatory Documentation & Control Checkpoints	Standard TAT	Approved Tariff / Benchmark
Import Letter of Credit (ILC) Issuance	• Validated Head Office / Delegated Authority approval credit line. • Accepted Proforma Invoice / Indent with verified importer signature. • Formal L/C application cum indemnity with verified authorized signatory. • Valid Marine/Transit Insurance Policy/Cover Note (110% CIF value). • Verified Supplier Credit Rating Report from approved international agency. • Duly executed Form IMP. • Verification of Country of Origin (prohibiting sanctioned/banned territories). • Customs IDPMS compliance check (zero overdue Bills of Entry > 6 months).	Up to 7 Working Days (Subject to line availability)	0.40% per quarter or part thereof
Export LC Advising & Amendment	• Verification of SWIFT message authenticity (MT700 / MT707 / ISO MX). • Scrutiny against RBI / FEMA export regulations and FTP negative lists. • Real-time sanctions and red-flag screening of all named parties. • Core banking system recording and formal advice dispatch to beneficiary.	Same Day (T+0)	INR 1,500 + applicable GST
Export LC Confirmation	• Written request from LC Issuing Bank and confirmed credit line. • Formal credit approval from Head	Within 2 Working Days (T+2)	2.00% per quarter or part thereof

	Office / Delegated Risk Authority. • Country risk and issuing bank exposure limit verification.		
Foreign Bill Purchase / Discounting (FBP / FBD)	• Scrutiny of compliant shipping documents under Sight / Usance LC. • Receipt of authenticated SWIFT acceptance (MT752 / MT799) for usance bills. • Verification of transport documents / clean bill of lading.	Same Day (T+0 upon compliance)	Up to SOFR + 4.50% margin p.a.
Inward Cross-Border Remittance	• Authenticated SWIFT MT103 / pacs.008 receipt. • Automated real-time screening (OFAC/UNSC/EU/UK/MHA watchlists). • Customer account status and Purpose Code validation. • Mandatory Form A2 / FEMA declaration compliance verification. • Immediate beneficiary credit or interbank clearing via RTGS/NEFT.	Same Day (T+0 upon sanctions clearance)	INR 500 – INR 1,500 (tier-based)
Outward Cross-Border Remittance	• Duly executed Form A2 cum Remittance Application. • Permanent Account Number (PAN) validation (mandatory under LRS). • Underlying invoice, debit note, or service agreement verification. • Applicable Form 15CA / 15CB tax certifications under Income Tax Act. • Automated screening of beneficiary and intermediary correspondent banks.	Same Day (T+0 upon complete documentation)	INR 500 – INR 1,500 + applicable out-of-pocket charges

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Bank Guarantee / Counter-Guarantee	• Receipt of authenticated SWIFT MT760 (Guarantee) & MT799 (Pricing). • Formal Head Office / Delegated Risk Committee credit line sanction. • Legal vetting of guarantee text against URDG 758 / Indian Contract Act.	Same Day (T+0 upon HO approval)	0.50% per quarter or part thereof

9. Customer Grievance Redressal & Operational Escalation Architecture

To ensure prompt resolution of service discrepancies, trade finance disputes, or remittance processing inquiries, the Branch maintains a structured, time-bound grievance escalation matrix:

Escalation Tier	Designated Authority	Mandated Resolution TAT	Official Contact Channel
Tier 1: Operational Desk	Trade Finance Desk Officer / Branch Operations Desk	Within 2 Working Days	Email: mumbai@ab.bank.in Tel: +91 22 6633 2854
Tier 2: Departmental Head	Head – Foreign Exchange & Trade Services (Senior Manager)	Within 5 Working Days	Email: forex.mumbai@ab.bank.in AB Bank PLC, Mumbai Branch
Tier 3: Nodal Officer	Nodal Officer / Deputy Nodal Officer – Customer Service	Within 2 Working Days	Email: nodalofficer@ab.bank.in Tel: +91 22 6633 2854
Tier 4: Executive Authority	Country Head & Chief Executive Officer (India Operations)	Within 3 Working Days (Final Action)	Email: mumbai@ab.bank.in Tel: +91 22 6633 2850

Official Policy Repository & Tariffs:

- Clients and regulatory authorities may review the official schedule of **charges and customer service charter on the institutional website** at: *https://abbl.com/wp-content/uploads/2023/12/AB-Bank-Service-Charges.pdf* and
- the complaint governance process flow at: *https://abbl.com/wp-content/uploads/2026/03/ Customer-complaint-management-flowchart.pdf.*

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